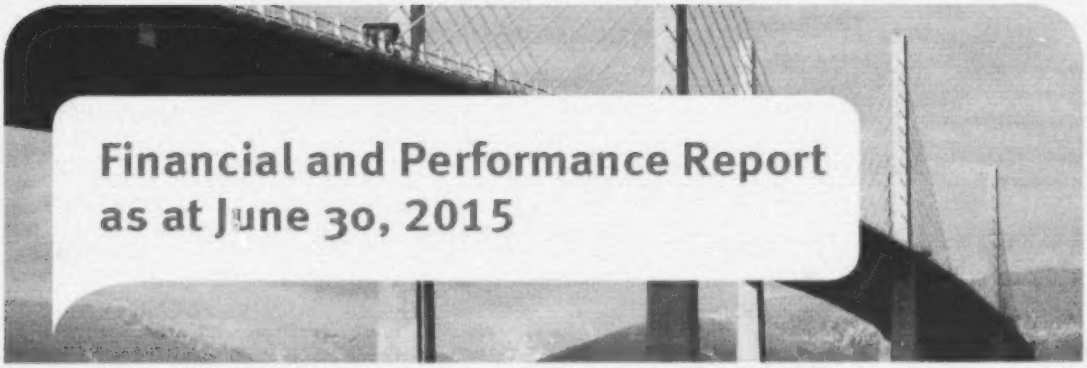
Financial and Performance Report as at June 30, 2015



TRANSLINK

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Caution Regarding Forward-Looking Statements

From time to time, TransLink makes written and/or oral forward-looking statements, which may appear in this document and in other communications. In addition, representatives of TransLink may make forward-looking statements orally to analysts, investors, the media and others.

Forward-looking statements, by their nature, require TransLink to make assumptions and are subject to inherent risk and uncertainties. In light of the uncertainty related to the financial, economic, and regulatory environments, such risks and uncertainties, many of which are beyond TransLink's control, and the effects of which can be difficult to predict, may cause actual results to differ materially from the expectations expressed in the forward-looking statements.

1. Financial and Performance Summary

TransLink serves the people of this region, and our services are funded by their taxes and fares; it is our responsibility to deliver clear, safe, reliable service and to ensure that we spend those dollars wisely, minimize costs and maximize revenues.

In the first half of 2015, TransLink achieved a $36.4 million surplus, which is $51.6 million better than budget. There are several key factors contributing to these financial results, including:

- Increased revenues from:
  - Fuel tax ($4.4 million)
  - Golden Ears Bridge Tolls ($2.5 million)
  - Gain on sale of surplus property ($2.2 million)
  - Transfers from Government ($1.9 million)

- Lower costs for:
  - Salaries, wages and benefits ($2.2 million) largely due to additional vacancy savings, lower benefit costs and favourable rate variances
  - Fuel and power costs ($1.9 million) due to lower market prices and consumption
  - Compass operations ($1.6 million)
  - Fare media and credit card fees ($1.6 million)

- Delayed timing of planned expenses:
  - Major Road Network contributions to municipalities ($21.6 million)
  - Corporate one-time costs related to Compass start-up ($6.0 million)
  - Administrative costs ($1.9 million) for marketing, computer systems and training
  - One-time feasibility studies for SkyTrain resiliency and rapid transit ($1.1 million) and studies for Pattullo Bridge ($1.3 million)
  - Maintenance and materials costs ($1.0 million)

The 2015 forecast is expected to result in a $32.7 million surplus, $30.7 million better than budget and $6.5 million better than 2014 results.

TransLink will maintain a favourable surplus balance for the remainder of 2015 mainly due to lower contributions to municipalities ($18.9 million) and better than expected taxation and tolling revenues.

TransLink's three key priorities for 2015 include supporting the Metro Vancouver Transportation and Transit Plebiscite, implementing Compass Card and enhancing SkyTrain operations.

Highlights of the first half of 2015 are:

1. **Metro Vancouver Transportation and Transit Plebiscite** - *Support the Mayors' Council efforts to achieve a positive outcome ('Yes' vote) in the upcoming plebiscite.*

   In the first half of 2015, TransLink supported the Mayors' Council's efforts in the Transportation and Transit Plebiscite. Although the outcome was a "no" vote, TransLink built support and

relationships with multiple stakeholders, which will extend beyond the plebiscite period. Many of those stakeholders have expressed a willingness to explore post-plebiscite support for investments in transportation.

2. **Compass Card** - *Continue to launch the program with a phased approach throughout 2015.*

Building on the success of our rollout of Compass to U-Pass BC students in the first quarter of 2015, TransLink continued to move forward with the phased rollout of Compass so that our customers experience a smooth transition to this new product.

Compass was successfully launched to West Coast Express (WCE) in June, with approximately 8,500 Compass cards distributed to customers. WCE customers were the first to experience the full range of Compass benefits, including the new Compass Vending Machines, the website, AutoLoad and balance protection.

50,000 U-Pass BC students from SFU, UBC, BCIT and Langara College started tapping Compass Cards in June. This brings the total number of Compass Cards in customers' hands to more than 160,000 at the end of the second quarter of 2015. By the third quarter of 2015, all ten Post-Secondary Institutions in the region will be fully on the U-Pass BC Program using the Compass Card. Beginning in August, Compass Vending Machines will be activated in a phased manner at SkyTrain stations and SeaBus terminals. By November, Compass Cards will also be available at retail outlets, customer service walk-in centres, and by mail (through ordering online or by phone).

Getting it right for our customers has always been the driving force for our decisions around Compass. Initiatives relating to the rollout of Compass and the performance of the Compass system will contribute directly to the convenience, safety and security of our customers, as well as provide valuable transit data that can be used to improve transit planning.

3. **SkyTrain Operations** – *Continue to enhance the resiliency and reliability of the transportation network.*

Independent review:
Transit operations are at the core of our mandate. In the first half of 2015, TransLink continued to improve system resiliency to provide reliable service and sustain ridership.

TransLink and the British Columbia Rapid Transit Company (BCRTC) have initiated action on all the recommendations from the SkyTrain Independent Review. This work is planned to be done over the next five years at an estimated cost of $71 million. Of the 20 recommendations, five are complete, ten are in progress, and the remainder are in development. The 20 recommendations are being tracked as 48 components and 19 projects.

Investment in Infrastructure:
TransLink is also investing in infrastructure to minimize disruptions and improve customer experience with the transit system. Three capital projects initiated in the second quarter had potential for significant customer impacts: running rail replacement between Burnaby and New Westminster, New Westminster Station upgrades and Commercial-Broadway Station upgrades. Every effort was made to reduce disruption to passengers, including coordinating contractors to

limit work in public areas during peak periods, working during non-revenue hours, and taking advantage of single tracking to make progress on multiple projects.

The New Westminster Station upgrades include: replacement elevators and escalators to improve access for customers; improved lighting and signage throughout the station; glass panels to replace existing screens and improve station visibility from the street level; and better integration with the surrounding community to improve connections to and from the SkyTrain system.

The Commercial-Broadway Station is the busiest station on the network. The number of passengers using the station is expected to grow, especially when the Evergreen extension opens. Upgrades include: new east platform serving westbound Expo Line trains; new pedestrian walkway over Broadway to connect the Expo Line platform to the Millennium Line platforms and to the westbound 99 B-Line stop; widening of the walkway that provides access to the north station platforms (Platforms 1 and 2); new elevators and up-and-down escalators; expanded Broadway concourse; widened Broadway entrances to the Broadway Station; and a new bike storage room.

Steps taken to limit customer impacts include informational signage in and around the station, project–specific, after-hours call centre to respond to customer inquiries, letters to advise residents of planned noisy work, and notification letters sent to residents advising when work will happen in particular areas. Further measures taken to reduce customer impacts include: trains routed through the Operating and Maintenance Centre pocket track to enable continuous full service as scheduled; making announcements through multiple social media channels and on the TransLink website, platform screens, transit alerts, signage and wayfinding; providing information to front-line staff; and promptly responding to customer inquiries.

Evergreen integration:
Delivery of key systems continued to enable the integration of the Evergreen extension into the existing SkyTrain system. For the systems which TransLink is responsible for integration, two projects are complete which were the Fire Life Safety System and the Wayside Monitoring System.

In addition to the three key priorities, TransLink rolled out an on-system and digital communication initiative in June 2015. This initiative is used to actively engage with customers and the public, keep them informed, and promote another way of reaching out to customers.

2. Financial and Operating Summary

CONSOLIDATED REVENUES AND EXPENSES

Six months ending June 30 ($ thousands)	YEAR OVER YEAR YTD 2014 ACTUAL	YTD 2015 ACTUAL	Year-over-Year CHANGE	Year-over-Year %	ACTUAL TO BUDGET YTD 2015 BUDGET	YTD Budget Variance Fav/ (Unfav)	YTD Budget Variance %	FORECAST TO BUDGET Annual 2015 FORECAST	Annual 2015 BUDGET	Annual Forecast Variance Fav/ (Unfav)	Annual Forecast Variance %
Revenue											
Taxation	375,711	382,331	6,620	1.8%	377,759	4,572	1.2%	763,146	756,456	6,690	0.9%
Transit	242,922	249,354	6,432	2.6%	251,091	(1,737)	(0.7%)	509,392	519,214	(9,822)	(1.9%)
Transfers from Government	44,046	47,893	3,847	8.7%	45,953	1,940	4.2%	99,384	98,992	392	0.4%
Golden Ears Bridge tolls	20,198	23,573	3,375	16.7%	21,040	2,533	12.0%	48,633	43,580	5,053	11.6%
Interest Income	17,105	16,514	(591)	(3.5%)	16,977	(463)	(2.7%)	33,114	33,353	(239)	(0.7%)
Amortization of Deferred Concessionaire Credit	11,541	11,541	-	-	11,541	-	-	23,337	23,337	-	-
Miscellaneous	1,985	2,893	908	45.7%	1,734	1,159	66.8%	4,631	3,489	1,142	32.7%
Sub Total Continuing Operations	**713,508**	**734,099**	**20,591**	**2.9%**	**726,095**	**8,004**	**1.1%**	**1,481,637**	**1,478,421**	**3,216**	**0.2%**
Emissions Testing	7,815	-	(7,815)	(100.0%)	-	-		-	-	-	
Gain on Disposal	6,638	2,156	(4,482)	(67.5%)	-	2,156		9,448	9,388	60	0.6%
Total Revenue	**727,961**	**736,255**	**8,294**	**1.1%**	**726,095**	**10,160**	**1.4%**	**1,491,085**	**1,487,809**	**3,276**	**0.2%**
Expenditures											
Bus Division	315,765	318,024	2,259	0.7%	322,933	4,909	1.5%	650,601	653,590	2,989	0.5%
Corporate operations	28,417	35,450	7,033	24.7%	37,785	2,335	6.2%	78,940	76,931	(2,009)	(2.6%)
Rail Division	125,208	130,177	4,969	4.0%	132,360	2,183	1.6%	267,287	266,563	(724)	(0.3%)
Roads & Bridges	39,928	29,219	(10,709)	(26.8%)	52,821	23,602	44.7%	68,707	87,940	19,233	21.9%
Transit Police	15,486	16,266	780	5.0%	16,719	453	2.7%	33,187	33,263	76	0.2%
Amortization of Capital Assets*	79,241	79,983	742	0.9%	80,389	407	0.5%	168,723	171,321	2,598	1.5%
Interest*	87,026	83,203	(3,823)	(4.4%)	83,319	115	0.1%	166,455	166,546	91	0.1%
Sub Total Continuing Operations	**691,071**	**692,322**	**1,251**	**0.2%**	**726,326**	**34,004**	**4.7%**	**1,433,900**	**1,456,154**	**22,254**	**1.5%**
AirCare	7,931	-	(7,931)	(100.0%)	-	-		-	-	-	
Corporate - onetime	2,817	7,516	4,699	166.8%	14,983	7,467	49.8%	24,494	29,672	5,178	17.5%
Total Expenditures	**701,819**	**699,838**	**(1,981)**	**(0.3%)**	**741,309**	**41,471**	**5.6%**	**1,458,394**	**1,485,826**	**27,432**	**1.8%**
Surplus (deficit) for the period	26,142	36,417	10,275	39.3%	(15,214)	51,631	(339.4%)	32,691	1,983	30,708	1548.6%
Accumulated surplus, beginning of period	126,439	153,313	26,874	21.3%	169,063	(15,750)	(9.3%)	153,313	169,063	(15,750)	(9.3%)
Accumulated surplus, end of period	**152,581**	**189,730**	**37,149**	**24.3%**	**153,849**	**35,881**	**23.3%**	**186,004**	**171,046**	**14,958**	**8.7%**

* shown as a separate line to help facilitate analysis of debt service costs, as GAAP statements allocate these amounts to the various segments

The surplus for the six months ending June 30 was $36.4 million, $10.3 million higher than the same period in 2014, and $51.6 million higher than budget.

Revenues from continuing operations were $20.6 million (2.9 per cent) higher than the same period in 2014 and $8.0 million (1.1 per cent) higher than budget. Compared to 2014 the increase was mainly due to taxation, transit fare and toll revenue, and the timing of government transfers. Compared to budget, the main increases are taxation and toll revenue, offset slightly by transit revenue.

The emissions testing program through AirCare ended December 31, 2014.

Year-to-date expenses from continuing operations compared to the same period in 2014 were $1.3 million (0.2 per cent) higher and $34.0 million (4.7 per cent) lower than budget. Compared to 2014, higher Compass operating payments, contractual labour increases, professional fees related to resiliency and reliability of the SkyTrain and restructuring costs, were partially offset by lower capital infrastructure contributions for road related projects. Compared to budget, the positive variance was mainly due to timing differences on capital infrastructure contributions to municipalities for road related work.

The excess of revenues over expenses for 2015 is forecast to be $32.7 million, $30.7 million better than budget.

Financial Indicators

FINANCIAL INDICATORS ($ thousands)	31-Dec 2014 ACTUAL	30-Jun 2015 ACTUAL	Change	%	30-Jun 2015 BUDGET	Budget Variance Fav/ (Unfav)	%
Cumulative Funded Reserve [1]	365,208	377,347	12,139	3.3%	353,102	24,245	6.4%
Gross interest cost as a % of operating revenue	13.1%	12.5%	(0.6%)	(4.5%)	12.4%	(0.1%)	(0.6%)
Capital Assets	4,511,992	4,542,847	30,855	0.7%	4,735,663	(192,816)	(4.2%)
Direct debt [2]	(1,933,022)	(1,996,796)	63,774	3.3%	(2,182,575)	185,779	9.3%
Indirect P3 Debt [3]	(1,647,044)	(1,635,444)	(11,600)	(0.7%)	(1,636,987)	1,543	0.1%
Total Net Direct and Indirect P3 debt	(3,580,066)	(3,632,240)	52,174	1.5%	(3,819,562)	187,322	5.2%

[1] As calculated under the SCBCTA Act represents the amount of resources available to fund future operations.

[2] Includes bonds, debentures, capital leases, short-term debt net of sinking funds and debt reserve deposits

[3] Includes deferred concessionaire credits and GEB contractor liability.

In the first half of 2015, the cumulative funded reserve increased $12.1 million (3.3 per cent) to $377.3 million.

The gross interest cost as a percentage of operating revenues improved to 12.5 per cent from the 2014 year-end. This is well within TransLink's 20 per cent policy limit.

Tangible capital assets have increased $30.9 million primarily as a net result of $110.9 million in additions less amortization of $80.0 million. Asset additions include: Information Technology Systems, Trolley Overhead Improvements, and Vehicle Replacements.

Direct debt increased by $63.8 million (3.3 per cent) from the 2014 year-end. This increase was primarily due to an increase in short-term commercial paper borrowings.

Indirect Public-Private Partnership (P3) debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined by $11.6 million in the first half of 2015. This reduction was primarily due to the amortization of the Canada Line deferred concessionaire credit. Principal repayments for the Golden Ears Bridge contractor liability begin later in 2015.

Operating Indicators

OPERATING INDICATORS Six months ending June 30	2014 ACTUAL	2015 ACTUAL	Year over Year Change	 %	2015 BUDGET	Budget Variance Fav/ (Unfav)	 %
Scheduled Transit Service							
Overall Performance Rating (out of 10)	7.6	7.5	(0.1)	(1.3%)	7.6	(0.1)	(1.3%)
Service Hours	3,108,831	3,094,322	(14,509)	(0.5%)	3,128,754	(34,432)	(1.1%)
Cost Recovery Ratio [1]	54.1%	53.6%	(0.5%)	(1.0%)	51.9%	1.7%	3.3%
Operating Cost per Capacity Km [2]	$0.081	$0.083	$0.002	2.2%	$0.084	$0.001	1.3%
Complaints per million Boarded Passengers [3]	83.0	88.2	5.2	6.3%	93.2	5.0	5.4%
Access Transit Service							
Number of Trips	581,149	602,754	21,605	3.7%	616,983	(14,229)	(2.3%)
Number of Trips Denied	16,191	604	(15,587)	(96.3%)	900	296	32.9%
Operating Cost per Trip	$40.20	$40.27	$0.07	0.2%	$39.88	($0.39)	(1.0%)
Operator complaints as a percentage of trips	0.06%	0.03%	(0.03%)	(50.0%)	0.04%	(0.01%)	(25.0%)
Service complaints as a percentage of trips	0.07%	0.06%	(0.01%)	(14.3%)	0.09%	(0.03%)	(33.3%)
Golden Ears Bridge							
Crossings (thousands)	5,631	6,179	549	9.7%	5,743	436	7.6%
Average Toll per Crossing	$3.59	$3.81	$0.22	6.1%	$3.66	$0.15	4.1%
Ridership							
Boarded passengers (thousands)	179,867	178,060	(1,807)	(1.0%)	180,228	(2,168)	(1.2%)
Revenue passengers (thousands)	117,074	115,861	(1,212)	(1.0%)	118,852	(2,990)	(2.5%)
Average fare per revenue passenger (sched transit)	$2.09	$2.16	$0.07	3.3%	$2.12	$0.04	1.9%

[1] The Cost Recovery Ratio is for scheduled transit services and excludes depreciation and interest expense. Prior year ratio has been updated for consistency.

[2] Includes Bus, SeaBus, Expo & Millennium line, Canada Line, West Coast Express and Police operating costs.

[3] The 2014 actual boardings have been restated with the final boarding numbers and the complaints have been restated to reflect alignment in complaint definitions.

Scheduled Transit Service (Conventional)

Service hours are lower year over year mainly due to the timing of service adjustments made in the fall and winter of 2014. These adjustments were related to scheduling and layover time which did not impact the service hours from the customer's perspective.

Complaints per million boarded passengers increased from 83 in the first half of 2014 to 88.2 in 2015, an increase of 6.3 per cent. Complaints for the Expo and Millennium Line and West Coast Express accounted for most of the increase. West Coast Express complaints were related to CP Rail issues causing delays for TransLink customers. West Coast Express also experienced increased complaints in the initial days of switchover to the Compass product in June. The Expo and Millennium Line complaints were related to service delays.

Access Transit Service

With the strategy to utilize taxis as well as HandyDART Shuttles, Access Transit trip denials are down 96 per cent over the same period last year. Operating cost per trip is close to last year's level. Expected inflationary increases have been offset by lower costs due to increased taxi trips (which are less expensive than HandyDART vehicle trips). The operating cost per trip is slightly unfavourable to budget due to the lower number of trips than expected.

Operator and service complaints measures are both lower than the previous year due to the reduction in trip denials and diligent follow up after every complaint by the HandyDART contractor, MVT Canadian Bus Inc.

Golden Ears Bridge

The average toll per crossing of $3.81 increased 6.1 per cent over the same period in 2014 due to an increase in rates for inflation, and fewer discounted crossings.

Transit Ridership

Boarded and revenue passengers were slightly lower than 2014 and were 1.2 per cent and 2.5 per cent respectively lower than budget. Revenue passengers were budgeted to increase 2.2 per cent in 2015 from the 2014 annual forecast, mainly due to general population growth and continued service optimization.

We are continuing our program of service optimization; however, there are now fewer opportunities to improve our efficiency while still minimizing impacts to customers. Ridership may also be affected by a 30 per cent year-over-year drop in crude oil prices which, combined with low vehicle purchase prices, has slowed the growth in the overall cost of driving.

The average fare per revenue passenger increased 3.3 per cent over 2014 due to the mix of discounted products sold, and is 1.9 per cent higher than budget.

TransLink is looking at strategies and initiatives to support growing ridership and revenues.

3. Consolidated Statement of Operations Analysis

Consolidated Revenues

CONSOLIDATED REVENUES	YEAR OVER YEAR				ACTUAL TO BUDGET			FORECAST TO BUDGET			
Six months ending June 30	YTD 2014	YTD 2015	Year over Year		YTD 2015	YTD Budget Variance		Annual 2015	Annual 2015	Annual Forecast Variance	
($ thousands)	ACTUAL	ACTUAL	CHANGE	%	BUDGET	(Unfav)	%	FORECAST	BUDGET	(Unfav)	%
Taxation	375,711	382,331	6,620	1.8%	377,759	4,572	1.2%	763,146	756,456	6,690	0.9%
Transit	242,922	249,354	6,432	2.6%	251,091	(1,737)	(0.7%)	509,392	519,214	(9,822)	(1.9%)
Transfers from Government	44,046	47,893	3,847	8.7%	45,953	1,940	4.2%	99,384	98,992	392	0.4%
Golden Ears Bridge tolls	20,198	23,573	3,375	16.7%	21,040	2,533	12.0%	48,633	43,580	5,053	11.6%
Interest Income	17,105	16,514	(591)	(3.5%)	16,977	(463)	(2.7%)	33,114	33,353	(239)	(0.7%)
Amortization of Deferred Concessionaire Credit	11,541	11,541			11,541			23,337	23,337		
Miscellaneous	1,985	2,893	908	45.7%	1,734	1,159	66.8%	4,631	3,489	1,142	32.7%
Revenue Before Gain/(Loss) on Disposals	713,508	734,099	20,591	2.9%	726,095	8,004	1.1%	1,481,637	1,478,421	3,216	0.2%
Emissions Testing	7,815		(7,815)	(100.0%)						0.0%	
Gain on Disposal	6,638	2,156	(4,482)	(67.5%)		2,156		9,448	9,388	60	0.6%
Total Revenue	**727,961**	**736,255**	**8,294**	**1.1%**	**726,095**	**10,160**	**1.4%**	**1,491,085**	**1,487,809**	**3,276**	**0.2%**

Overview

TransLink receives its revenue mainly through taxation, user fees and government transfers. Revenue before gains in disposals in the first half of 2015 was $734.1 million, an increase of $20.6 million (2.9 per cent) over the same period in 2014 and $8.0 million (1.1 per cent) better than budget.

Year over year

Taxation

TAXATION REVENUES				
Six months ending June 30	2014 YTD	2015 YTD	YEAR OVER YEAR	
($ thousands)	ACTUAL	ACTUAL	CHANGE	%
Fuel	175,389	176,440	1,051	0.6%
Property & Replacement	161,473	166,048	4,575	2.8%
Parking Rights	29,175	29,820	645	2.2%
Hydro Levy	9,674	10,023	349	3.6%
Total Taxation	**375,711**	**382,331**	**6,620**	**1.8%**

Taxation revenues year to date was $6.6 million (1.8 per cent) higher than the same period in 2014.

Fuel tax revenues increased by $1.1 million (0.6 per cent). Gasoline sale volumes as reported by the Consumer Taxation Branch (CTB) for the Metro Vancouver's region show a year-over-year increase of 7.6 per cent that is offset by lower diesel sale volumes of 34.7 per cent. The increase in gasoline volume is also consistent with reports by independent marketing sources.

Property and replacement tax revenue increased by $4.6 million (2.8 per cent) over 2014, which is the legislated allowable increase, net of an allowance for adjustments when tax rolls are finalized.

Transit

TRANSIT REVENUES				
Six months ending June 30	2014 YTD	2015 YTD	YEAR OVER YEAR	
($ thousands)	ACTUAL	ACTUAL	CHANGE	%
Fares	186,155	189,031	2,876	1.5%
Programs	48,654	50,984	2,330	4.8%
Fare Revenue	234,809	240,015	5,206	2.2%
Other	8,113	9,339	1,226	15.1%
Total Transit	**242,922**	**249,354**	**6,432**	**2.6%**

Transit revenues, consisting of all transit fares and related revenues, such as transit advertising and fare infraction revenue, increased by $6.4 million (2.6 per cent) when compared to the first half of 2014.

Year-over-year revenue from fares and programs were $5.2 million (2.2 per cent) better than the same period in 2014. While preliminary ridership for the six months of 2015 was down 1.0 per cent compared to the previous year, revenue from fares was $2.9 million (1.5 per cent) higher, resulting from changes in patterns from different fare products. FareSavers provide greater flexibility and have been growing in popularity amongst customers, while FareCards provide a higher discount for frequent transit users. FareSaver sales have increased by 9.1 per cent while FareCards sales dropped 0.2 per cent from the previous year.

Revenue from programs increased $2.3 million (4.8 per cent) over 2014. U-Pass BC revenues increased by $1.1 million in the first half of 2015 mainly due to the contracted student rate increase.

Other Transit Revenue was $1.2 million (15.1 per cent) higher than 2014 due to an increased focus on obtaining commercial value from real estate assets through property rentals, advertising and Park & Ride programs; as well as increased Fare Infraction revenue resulting from fare enforcement efforts to reduce fare evasion.

Transfers from Government

Transfers from government were $3.8 million (8.7 per cent) higher than 2014. The timing of projects and applicable revenue recognition period affects the variance year over year.

Golden Ears Bridge Tolls

Year-to-date toll revenues were $3.4 million (16.7 per cent) higher than the same period in 2014. The majority of the increase is due to a 9.7 per cent increase in vehicle crossings, consistent with overall trends in Vehicle Kilometres Travelled (VKT) in Metro Vancouver. There was also a 6.1 per cent increase in the average crossing rate, partially due to the regulated inflationary rate increases in July of each year, as well as fewer drivers taking advantage of the discounted rate options.

Interest Income

Interest income was $591 thousand (3.5 per cent) lower year to date as compared to the prior year, due to lower sinking fund balances associated with matured debt and lower interest income resulting from lower general cash reserves.

Miscellaneous Income

Miscellaneous income increased $908 thousand (45.7 per cent) over 2014 as a result of Adjacent and Integrated Development (AID) projects. TransLink has recently implemented new non-taxation revenue sources such as wireless telecommunication royalties and Adjacent and Integrated Development (AID) projects. With AID projects, TransLink receives financial compensation from developers who build infrastructure adjacent to SkyTrain stations.

Actual vs Budget and Forecast

Taxation

TAXATION REVENUES	ACTUAL TO BUDGET				FORECAST TO BUDGET			
Six months ending June 30	2015 YTD		Budget Variance		2015 ANNUAL		Forecast Variance	
($ thousands)	ACTUAL	BUDGET	Fav/ (Unfav)	%	FORECAST	BUDGET	Fav/ (Unfav)	%
Fuel	176,440	172,056	4,384	2.5%	350,000	344,111	5,889	1.7%
Property & Replacement	166,048	166,046	2	0.0%	332,094	332,095	(1)	(0.0%)
Parking Rights	29,820	29,818	2	0.0%	60,978	60,235	743	1.2%
Hydro Levy	10,023	9,839	184	1.9%	20,074	20,015	59	0.3%
Total Taxation	**382,331**	**377,759**	**4,572**	**1.2%**	**763,146**	**756,456**	**6,690**	**0.9%**

Year-to-date taxation revenue is $4.6 million (1.2 per cent) higher than budget and is forecasted to be $6.7 million (0.9 per cent) higher at year-end.

Fuel tax revenues were $4.4 million (2.5 per cent) higher than budget for the first half of the year. This increase is attributed to an upward trend in fuel sales. The Metro Vancouver region has experienced an increase in vehicle purchases and Vehicle Kilometres Travelled (VKT), resulting in increasing local fuel sales, as well as an unfavourable USD/CAD exchange rate that has reduced the amount of cross border fuel purchases. This revenue source continues to be quite volatile therefore the forecast for the year is 1.7 per cent higher than budget.

TRANSIT REVENUES	ACTUAL TO BUDGET				FORECAST TO BUDGET			
Six months ending June 30	2015 YTD		Budget Variance		2015 ANNUAL		Forecast Variance	
($ thousands)	ACTUAL	BUDGET	Fav/ (Unfav)	%	FORECAST	BUDGET	Fav/ (Unfav)	%
Fares	189,031	191,044	(2,013)	(1.1%)	386,665	395,082	(8,417)	(2.1%)
Programs	50,984	51,628	(644)	(1.2%)	104,586	107,315	(2,729)	(2.5%)
Fare Revenue	240,015	242,672	(2,657)	(1.1%)	491,251	502,397	(11,146)	(2.2%)
Other	9,339	8,419	920	10.9%	18,141	16,817	1,324	7.9%
Total Transit	**249,354**	**251,091**	**(1,737)**	**(0.7%)**	**509,392**	**519,214**	**(9,822)**	**(1.9%)**

Total transit revenues were $1.7 million (0.7 per cent) below budget for the first six months of 2015 and are forecasted to be $9.8 million (1.9 per cent) below budget for the full year.

Year-to-date fare revenue was $2.7 million (1.1 per cent) unfavourable to budget and is forecast to be $11.1 million (2.2 per cent) unfavourable by the end of the year. The forecast includes a 1.0 per cent decrease in ridership as experienced for the first six months of 2015.

Other transit revenue is forecast to be $1.3 million (7.9 per cent) ahead of budget by year-end as commercial revenue initiatives gain momentum.

Transfers from Government

Transfers from government were $1.9 million (4.2 per cent) higher than budget and are expected to be closer to budget by year-end.

Golden Ears Bridge Tolls

Year-to-date toll revenues were $2.5 million (12.0 per cent) higher than budget as actual vehicle crossings were 7.6 per cent greater than expected. The toll revenue forecast has been adjusted to reflect the increase in crossings and is expected to be $5.1 million (11.6 per cent) ahead of budget by the end of the year.

Interest Income

Interest income was $463 thousand (2.7 per cent) lower in the first six months compared to budget, due to lower surplus cash balances and lower short-term rates resulting from Bank of Canada rate reductions.

Higher cash balances in the second half of the year are expected, which will bring the forecast to $239 thousand (0.7 per cent) lower than budget for year-end.

Miscellaneous Income

Miscellaneous income was $1.2 million (66.8 per cent) better than budget as a result of Adjacent and Integrated Development projects. The forecast is expected to be $1.1 million (32.7 per cent) better than budget.

Consolidated Expenses by Segment

Year-over-Year

CONSOLIDATED EXPENSES BY SEGMENT				
Six months ending June 30	2014 YTD	2015 YTD	YEAR OVER YEAR	
($ thousands)	ACTUAL	ACTUAL	CHANGE	%
Bus Division	315,765	318,024	2,259	0.7%
Corporate operations	28,417	35,450	7,033	24.7%
Rail Division	125,208	130,177	4,969	4.0%
Roads & Bridges	39,928	29,219	(10,709)	(26.8%)
Transit Police	15,486	16,266	780	5.0%
Amortization of Capital Assets**	79,241	79,983	742	0.9%
Interest**	87,026	83,203	(3,823)	(4.4%)
Sub Total Continuing Operations	691,071	692,322	1,251	0.2%
AirCare	7,931	-	(7,931)	(100.0%)
Corporate - onetime	2,817	7,516	4,699	166.8%
Total Expenses by Segment	**701,819**	**699,838**	**(1,981)**	**(0.3%)**

** shown as a separate line to help facilitate analysis of debt service costs, as GAAP statements allocate these amounts to the various segments

Bus Division operating expenditures were $2.3 million (0.7 per cent) higher year over year due to labour and other contractual and economic increases, and inflation and a higher USD/CAD exchange rate on maintenance materials and services. Partially offsetting these increases is lower fuel costs due to market prices and consumption.

Corporate Operations were $7.0 million (24.7 per cent) higher than the same period in 2014. Over half of the increased costs are attributed to contractual labour increases, and contracted services related to the rollout of the Compass system. The remainder is related to increased computer and systems costs, and higher professional fees. Increased professional fees were related to Adjacent and Integrated Development work which is recoverable from developers, the use of consultants within the Business Technology division which was offset by vacant positons and the core services review. Credit card fees were previously netted against revenues.

Rail Division costs were $5.0 million (4.0 per cent) higher than the prior year mainly from additional state-of-good-repair costs specific to guideway and elevating devices, the annualized impact of the collective agreement, increased staffing levels and contractual increases for Canada Line performance payments in 2015. The Rail Division has also been increasing staff in response to recommendations from the Independent SkyTrain Review.

Roads and Bridges spending was $10.7 million (26.8 per cent) lower in 2015 due to timing differences from the municipalities for completed capital infrastructure projects.

Transit Police costs were $780 thousand (5.0 per cent) higher than the first half of 2014. Salary costs were up slightly over the same period due to changes in the new collective agreement that were ratified at the end of 2014, with the agreement retroactive to 2011. This was partially offset by lower

professional and legal fees related to indemnification of police officers, and lower maintenance and material costs due to timing of expenditures.

Amortization expense increased $742 thousand (0.9 per cent) over 2014 largely due to information systems and SkyTrain infrastructure asset additions.

Interest expense was $3.8 million (4.4 per cent) lower than the prior year as a result of a renewal of a large portion of TransLink's debt at lower interest rates.

Corporate One-time costs were $4.7 million (166.8 per cent) higher than the prior year. 2015 costs include Plebiscite expenses, Rapid Transit studies and the Compass project.

Actual vs Budget and Forecast

CONSOLIDATED EXPENSES BY SEGMENT	ACTUAL TO BUDGET				FORECAST TO BUDGET			
Six months ending June 30	2015 YTD		Budget Variance		2015 ANNUAL		Forecast Variance	
($ thousands)	ACTUAL	BUDGET	Fav/ (Unfav)	%	FORECAST	BUDGET	Fav/ (Unfav)	%
Bus Division	318,024	322,933	4,909	1.5%	650,601	653,590	2,989	0.5%
Corporate operations	35,450	37,785	2,335	6.2%	78,940	76,931	(2,009)	(2.6%)
Rail Division	130,177	132,360	2,183	1.6%	267,287	266,563	(724)	(0.3%)
Roads & Bridges	29,219	52,821	23,602	44.7%	68,707	87,940	19,233	21.9%
Transit Police	16,266	16,719	453	2.7%	33,187	33,263	76	0.2%
Amortization of Capital Assets**	79,983	80,389	406	0.5%	168,723	171,321	2,598	1.5%
Interest**	83,203	83,319	116	0.1%	166,455	166,546	91	0.1%
Sub Total Continuing Operations	692,322	726,326	34,004	4.7%	1,433,900	1,456,154	22,254	1.5%
Corporate - onetime	7,516	14,983	7,467	49.8%	24,494	29,672	5,178	17.5%
Total Expenses by Segment	**699,838**	**741,309**	**41,471**	**5.6%**	**1,458,394**	**1,485,826**	**27,432**	**1.8%**

** shown as a separate line to help facilitate analysis of debt service costs, as GAAP statements allocate these amounts to the various segments

Bus Division operating expenditures were $4.9 million (1.5 per cent) favourable to budget due to lower fuel prices, staff vacancies, lower employee benefit costs, and miscellaneous timing differences for planned activities including costs for allocated computer systems and fare media costs. The savings were partially offset by higher revenue vehicle materials costs.

The annual forecast is expected to be $3.0 million (0.5 per cent) favourable to budget with the timing differences flowing through in the second half of the year and the impact of an unbudgeted labour contract settlement.

Corporate Operations expenses were $2.3 million (6.2 per cent) favourable to budget due to timing of expenditures for contractor payments for Compass, marketing and feasibility studies, and credit card fees.

The annual forecast is expected to be $2.0 million (2.6 percent) higher than budget. This is as a result of the timing of expenditures for Compass and increased spending related to contingency requests for the introduction of the single-zone fare for buses and additional resources related to Compass implementation.

Rail Division operating costs were $2.2 million (1.6 per cent) lower than budget due to position vacancies, lower hydro consumption and diesel rates, and state of good repair timing differences which were partially offset by higher overtime costs.

The forecast for 2015 is $724 thousand (0.3 per cent) higher than budget resulting from the timing of expenditures in the first half of the year and contingency requests for additional resources relating to the independent review.

Roads & Bridges spending was $23.6 million (44.7 per cent) lower than budget for the first half of 2015. The majority of this amount is due to timing differences for municipal road contributions. Spending on feasibility studies was also lower than budgeted due to timing of activities.

Forecasted spending is expected to be $19.2 million (21.9 per cent) lower than budget mainly due to timing of municipal contributions. Feasibility studies will remain on budget for the year.

Transit Police costs were $453 thousand (2.7 per cent) favourable to budget resulting from lower administration costs, maintenance and materials costs and professional and legal fees, largely due to timing. Salary recoveries were higher, offset by higher contractual salary costs. The Transit Police Division is expected to be on budget for 2015.

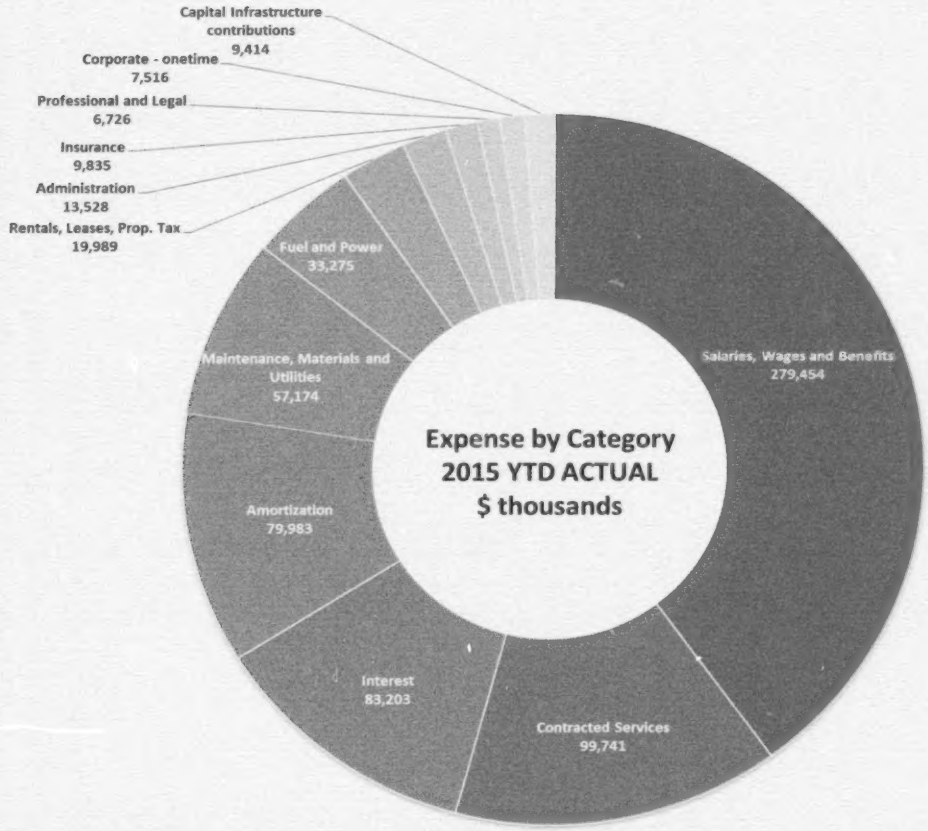
Amortization expense was $406 thousand (0.5 per cent) favourable to budget due to timing of project completions. The forecast for the year is $2.6 million (1.5 per cent) better than budget, also related to timing.

Interest expense was $116 thousand (0.1 per cent) favourable to budget due to lower short term commercial paper borrowing and rates.

Corporate One-time costs were $7.5 million (49.8 per cent) lower than budget for the first half of the year mainly due to timing of spending related to the roll out of Compass, rapid transit studies and SkyTrain resiliency. The forecast for 2015 is expected to be $5.2 million (17.5 per cent) lower than budget mainly due to drawing of contingency funds into Corporate and Rail Operations ($5.4 million).

The forecast for the year is expected to be $91 thousand (0.1 per cent) favourable to budget.

Consolidated Expenses by Category



In the first half of 2015, salaries and wages accounted for 40 per cent of TransLink's operating costs. The breakdown is as follows: Bus Division - $208.8 million (75 per cent of total salary and wages related costs); Rail Division - $37.3 million (13 per cent); TransLink's Corporate Division - $19.6 million (7 per cent); and Transit Police - $13.7 million (5 per cent).

Contracted services accounted for 14 per cent of TransLink's operating costs. Contracted services include: $52.6 million (53 per cent of total contracted services) for Canada Line contractor payments; $23.8 million (24 per cent) to operate the HandyDART and Taxi Saver programs; $10.2 million (10 per cent) to operate the contracted community shuttle and the West Vancouver bus services; $6.0 million (6 per cent) for TransLink Bridges; $5.0 million (5 per cent) to operate the West Coast Express; and $2.1 million (2.0 per cent) for Compass contractor payments.

Interest and amortization expenses totalled $163.7 million, which represents 23 per cent of total expenses.

4. Investment in Capital Assets

Summary of Capital Program ($ thousands)	Number of Projects	Current Budget ($)	2015 YTD Spending ($)	Cumulative Spending to Date ($)	Final Forecast Cost ($)	Variance to Current Budget ($)	Variance to Current Budget (%)	Senior Government Funding (Committed) ($)
Capital Projects								
Active Capital Projects								
Equipment	10	17,166	722	3,131	15,729	1,437	8.4%	-
Facilities	9	145,211	10,962	58,472	144,313	898	0.6%	84,978
Infrastructure	32	597,384	31,069	289,722	597,586	(202)	0.0%	257,213
Major Construction	1	402,841	39,639	201,821	403,228	(387)	-0.1%	-
Technology Applications	11	15,273	1,455	8,359	15,099	174	1.1%	-
Vehicle - Non Revenue	6	3,164	834	834	3,136	28	0.9%	-
Vehicle - Revenue	7	127,300	1,394	7,852	126,565	735	0.6%	112,988
Subtotal Active Capital Projects	**76**	**1,308,339**	**86,075**	**570,191**	**1,305,656**	**2,683**	**0.2%**	**455,179**
Approved in Principle Projects (AIP)*								
Equipment	7	11,034			11,034	-		4,500
Facilities	2	2,750			2,750	-		40
Infrastructure	15	55,666			55,666	-		16,385
Major Construction	1	4,626			4,626	-		265
Technology Applications	15	14,912			14,912	-		-
Vehicle - Non Revenue	3	1,194			1,194	-		-
Vehicle - Revenue	4	91,630			91,630	-		72,144
Subtotal Approved in Principle	**47**	**181,812**		**-**	**181,812**	**-**		**93,335**
Subtotal Active and AIP Projects	**123**	**1,490,151**	**86,075**	**570,191**	**1,487,468**	**2,683**	**0.2%**	**548,514**
Substantially Complete Projects	58	854,604	28,699	833,881	841,045	13,559	1.6%	375,279
Closed Projects	12	18,262	1,379	16,675	16,675	1,587	8.7%	6,385
Cancelled AIP Projects	11	10,749			10,749		0.0%	-
Total Capital Projects	**204**	**2,373,766**	**116,153**	**1,420,747**	**2,355,938**	**17,829**	**0.8%**	**930,177**

*Includes submissions from current and prior year AIP programs

The above table highlights the breakdown of TransLink's capital budget.

As at the end of the second quarter of 2015, TransLink's total capital budget is $2.37 billion, including $1.31 billion in active projects and $181.8 million in Approved in Principle (AIP) projects. There is $930.2 million in committed senior government funding available to TransLink for a number of projects.

Active Capital Projects

TransLink's active capital project program supports improved service and a safe and reliable transit system by expanding, replacing, and maintaining assets in a state of good repair. Active capital project spending for the first half of 2015 totalled $86.1 million across 76 projects. Significant spending occurred on the Evergreen extension, a total of $39.6 million, and the Hamilton Transit Centre (HTC), $10.4 million. The $31.1 million in infrastructure spending relates to the SkyTrain station upgrade projects currently under way, the Pattullo Bridge rehabilitation project, and Compass.

When comparing the forecast cost to the capital budget over the 76 active projects, equipment projects comprise the largest portion of the $2.7 million forecasted active project favourable variance. There were no forecasted variances over $0.5 million on any active project the first half of the year. Year-to-date 2015 capital spending centered on major construction, infrastructure improvements and facilities. Highlights by category are as follows:

Major Construction spending totaled $39.6 million in the first half of 2015 and was directly related to the Evergreen extension. This is the next major expansion of the rail network and is expected to increase ridership and accessibility to the transit system and improve customers' experience. The Province, through the BC Transportation Financing Authority, entered into a Public-Private Partnership agreement with TransLink to build the Evergreen extension. Once completed, TransLink will receive specific assets for its contributions to the project and be responsible for maintaining and operating the system.

Infrastructure spending totaled $31.1 million in the first half of 2015. Several infrastructure improvement projects are currently underway, ultimately enhancing the resiliency and reliability of the transportation network and improving customers' experience after completion. The significant spending incurred in the first half of the year were:

- Expo Line Propulsion Power Upgrade, $7.3 million
- Pattullo Bridge Rehabilitation Project, $5.9 million
- Commercial-Broadway SkyTrain Station Upgrade Project, $5.5 million
- Main Street SkyTrain Station Upgrade Project, $3.5 million
- Compass Card and Faregate Project, $3.3 million
- Metrotown SkyTrain Station and Bus Exchange Upgrade Project, $1.6 million

Facilities spending totaled $11.0 million in the first half of 2015, related mainly to the construction of HTC in Richmond. HTC will provide operation and maintenance capacity for up to 300 buses, enabling greater efficiency in maintaining the bus fleet.

A total of 58 projects with an aggregate budget of $854.6 million and a total forecasted cost of $841.0 million are currently deemed substantially complete and in the final stages of project activity with approximately $7.2 million remaining to spend. The total expected favourable variance for these projects is $13.6 million or 1.6 per cent.

Approved in Principle Projects

As of June 30, 2015, there were 47 projects that had not yet been initiated with a total Approved in Principle (AIP) aggregate budget of $181.8 million. AIP projects include enterprise wide investment in SkyTrain control equipment, information technology systems, continued fleet replacements, infrastructure upgrades, and facilities improvements.

The significant projects awaiting approval are:

- 2016 Conventional Bus Replacement Program, $76.4 million
- Joyce Collingwood SkyTrain Station Upgrade, $18.7 million
- Metrotown Station and Exchange Upgrade Construction Phase 2, $11.2 million

Closed Capital Projects

In the first half of 2015, 12 projects with an aggregate cost of $16.7 million and a current budget of $18.3 million were completed and closed. The projects closed include:

- SkyTrain Fibre Optic System upgrade
- Trolley Overhead replacements and improvements
- Community Shuttle and Police vehicle replacements
- Wayfinding case-holder replacement
- Information Technology improvements
- Bus maintenance facilities
- Power Smart initiatives

Cancelled Capital Projects

In the first half of 2015, eleven AIP projects with an aggregate budget of $10.7 million were cancelled. These projects were reviewed, prioritized, and cancelled to proactively manage costs, align strategic priorities, and optimally use limited resources.

5. Changes in Financial Position

Consolidated Statement of Financial Position ($ thousands)	As at 30-Jun-15	As at 31-Dec-14	Inc./(Dec)	%
Cash and cash equivalents	88,582	165,604	(77,022)	(86.9%)
Accounts Receivable	261,767	102,644	159,123	60.8%
Restricted cash and investments	345,730	361,509	(15,779)	(4.6%)
Investments	97,245	147,717	(50,472)	(51.9%)
Assets held for sale	4,868	4,868	-	-
Debt reserve deposits	36,027	36,104	(77)	(0.2%)
Financial Assets	834,219	818,446	15,773	1.9%
Accounts payable and accrued liabilities	208,484	234,446	(25,962)	(12.5%)
Debt	2,131,766	2,045,356	86,410	4.1%
Deferred government transfer	1,166,278	1,201,165	(34,887)	(3.0%)
Golden Ears Bridge contractor liability	1,051,316	1,051,375	(59)	(0.0%)
Deferred concessionaire credits	584,128	595,669	(11,541)	(2.0%)
Employee future benefits	104,419	99,875	4,544	4.4%
Deferred lease inducements - net	12,911	13,021	(110)	(0.9%)
Liabilities	5,259,302	5,240,907	18,395	0.3%
Net Debt	(4,425,083)	(4,422,461)	(2,622)	0.1%
Tangible Capital Assets	4,542,847	4,511,992	30,855	0.7%
Supplies Inventory	54,551	51,266	3,285	6.0%
Prepaid Expenses	17,415	12,516	4,899	28.1%
Non-Financial Assets	4,614,813	4,575,774	39,039	0.8%
Accumulated Surplus	189,730	153,313	36,417	19.2%

Financial Assets

The decrease in the cash balance of $77.0 million in the first half of 2015 was primarily due to capital expenditures and the increase in property tax receivables.

Accounts receivable increased by $159.1 milion primarily due to an accrual for property tax revenue which will be paid to TransLink in August.

Restricted cash and investments represent unspent Government Transfers and self-administered sinking funds.

Liabilities

Debt is discussed in the "Liquidity and Capital Resouces" section.

Deferred Government Transfer represents the receipt of capital funding offset by revenue recognized as the related stipulations in the various government funding agreements are met. During the first half of 2015, the decrease of $34.9 million was due to $36.9 million of revenue being recognized offset by $2.0 million of interest earned on the restricted funds.

Deferred concessionaire credits represent the funding provided by the Canada Line Concessionaire. This balance is amortized to income on a straight-line basis over the operating term of the concessionaire agreement, which will expire in July 2040.

The increase in employee future benefits, which represent post retirement and post employment benefits, is due to the annual estimated current service cost and related interest. The post retirement portion of this liability will draw down upon retirement of the employees.

Non-Financial Assets

Tangible capital assets have increased $30.9 million primarily as a net result of $110.9 million in additions less the amortization of $80.0 million.

Cash Flows and Liquidity

Cash and investments declined as operating and capital expenditures were made during the first half of the year.

The following table shows TransLink's unrestricted cash and investments net of those investments maturing in 12-months or longer.

UNRESTRICTED CASH AND NEAR CASH EQUIVALENTS			
($ thousands)	June 30 2015	December 31 2014	Change
Cash and cash equivalents	88,582	165,604	(77,022)
Investments	97,245	147,717	(50,472)
Total Unrestricted cash and investments	185,827	313,321	(127,494)
Less: Long term maturities*	(12,390)	(11,538)	(852)
Total Unrestricted cash and near cash equivalents	**173,437**	**301,783**	**(128,346)**

*investments with maturity periods greater than 365 days

TransLink's liquidity position is further supported by a $500 million commercial paper program, of which $210 million is outstanding at the end of second quarter 2015.

Restricted cash and investments include unspent Government Transfers which are used to fund qualifying capital expenditures.

RESTRICTED CASH AND INVESTMENTS			
($ thousands)	June 30 2015	December 31 2014	Change
Unspent government transfers	246,788	285,279	(38,491)
Self administered sinking funds	98,943	76,230	22,713
Total Restricted cash and investments	**345,731**	**361,509**	**(15,778)**

Debt

Translink currently has three main sources of financing its assets: Net Direct Debt, Indirect P3 Debt and Senior Government Contributions. The latter is represented on the balance sheet as Deferred Government Transfers.

Net Direct Debt and Indirect P3 Debt were both relatively unchanged and constitute approximately 41 per cent and 35 per cent of TransLink's debt capital.

FINANCING					
($ thousands)	June 30, 2015		December 31, 2014		Change
Direct Debt	2,131,766		2,045,356		86,410
Less: Self-administered sinking funds	(98,943)		(76,230)		(22,713)
Less: Debt reserve deposits	(36,027)		(36,104)		77
Net Direct Debt	**1,996,796**	**41.6%**	**1,933,022**	**40.4%**	**63,774**
Golden Ears Bridge contractor liability	1,051,316		1,051,375		(59)
Deferred concessionaire credit (Canada Line)	584,128		595,669		(11,541)
Indirect P3 Debt	**1,635,444**	**34.1%**	**1,647,044**	**34.4%**	**(11,600)**
Subtotal Net Direct Debt and Indirect P3 Debt	**3,632,240**		**3,580,066**		**52,174**
Deferred government transfers	**1,166,278**	**24.3%**	**1,201,165**	**25.1%**	**(34,887)**
Total	**4,798,518**	**100.0%**	**4,781,231**	**100.0%**	**17,287**

Financing has increased primarily as a result of increased short-term borrowing used to fund seasonal spending outflows.

Funding Adjustments

Funding adjustments are the changes required to the income statement to calculate the cumulative funded surplus under the South Coast British Columbia Transportation Authority (SCBCTA) Act. The cumulative funded surplus is defined as the amount of resources available to fund future operations.

The following table presents 2015 first half results, including the same period comparisons to prior year and budget, as reconciled between the results for accounting purposes and the results on a funded basis. Adjustments to arrive at the Net Surplus (Deficit) for Funding Purposes primarily include the removal of capital related items and the inclusion of debt repayments.

Funded Reconciliation of Operations As of June 30th	YEAR TO DATE					ANNUAL			
	2014	2015	2015	Budget Variance		2015	2015	Budget Variance	
($ thousands)	ACTUAL	ACTUAL	BUDGET	Fav/ (Unfav)	%	FORECAST	BUDGET	Fav/ (Unfav)	%
Net Surplus (Deficit) for Accounting Purposes	26,142	36,417	(15,214)	51,630	339.4%	32,690	1,983	30,707	1548.9%
REVENUE ITEMS									
Remove effect of AirCare	(7,815)	-	-	-		-	-	-	
Government transfers for capital assets	(34,402)	(36,895)	(36,429)	(466)	(1.3%)	(78,680)	(79,766)	1,086	1.4%
Amortization of Deferred Concessionaire Credit	(11,541)	(11,541)	(11,541)	-	-	(23,337)	(23,337)	-	-
Debt Service Cost - Interest Income	(14,922)	(14,506)	(14,532)	27	0.2%	(29,118)	(29,116)	(2)	(0.0%)
EXPENSE ITEMS									
Capital infrastructure contributions	20,667	9,414	31,023	(21,609)	(69.7%)	26,072	44,978	(18,906)	(42.0%)
Remove effect of AirCare	7,931	-	-	-		-	-	-	
Remove effect of TPCC	-	-	-	-		-	-	-	
Others	97	81	-	81		78	-	78	
Amortization expense-assets funded by long term debt or government contributions	75,813	76,453	76,531	(77)	(0.1%)	155,696	162,279	(6,583)	(4.1%)
Debt Service Costs	(39,769)	(47,284)	(47,277)	(7)	(0.0%)	(95,184)	(95,017)	(168)	(0.2%)
Net Surplus (Deficit) for Funding Purposes	22,702	12,139	(17,439)	29,579	169.6%	(11,784)	(17,996)	6,212	34.5%
Cumulative Surplus Opening Balance	**342,700**	**365,208**	**365,208**			**365,208**	**365,208**		
Cumulative Surplus Ending Balance	**364,902**	**377,347**	**347,770**	**29,577**	**8.5%**	**353,423**	**347,212**	**6,212**	**1.8%**

The following statements are presented in accordance with generally accepted Canadian accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Consolidated Statement of Financial Position

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position
(in thousands of dollars)

June 30, 2015, with comparative information for December 31, 2014

	June 30 2015	December 31 2014
FINANCIAL ASSETS		
Cash and cash equivalents	$ 88,582	$ 165,604
Accounts receivable	261,767	102,644
Restricted cash and investments	345,730	361,509
Investments	97,245	147,717
Assets held for sale	4,868	4,868
Debt reserve deposits	36,027	36,104
	834,219	818,446
LIABILITIES		
Accounts payable and accrued liabilities	208,484	234,446
Debt	2,131,766	2,045,356
Deferred government transfer	1,166,278	1,201,165
Golden Ears Bridge contractor liability	1,051,316	1,051,375
Deferred concessionaire credit	584,128	595,669
Employee future benefits	104,419	99,875
Deferred lease inducements	12,911	13,021
	5,259,302	5,240,907
NET DEBT	(4,425,083)	(4,422,461)
NON-FINANCIAL ASSETS		
Tangible capital assets	$ 4,542,847	$ 4,511,992
Supplies inventory	54,551	51,266
Prepaid expenses	17,415	12,516
	4,614,813	4,575,774
Accumulated Surplus	$ 189,730	$ 153,313

Consolidated Statement of Operations

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(in thousands of dollars)

Six months ended June 30, 2015, with comparative information for June 30, 2014

	2015 Budget	2015 Actual	2014 Actual
Revenue:			
Taxation	$ 377,759	$ 382,331	$ 375,711
Transit	251,091	249,354	242,922
Golden Ears Bridge tollings	21,040	23,573	20,198
Emissions testing	-	-	7,815
Government transfers	45,953	47,893	44,046
Amortization of deferred concessionaire credit	11,541	11,541	11,541
Interest income	16,977	16,514	17,105
Miscellaneous revenue	1,734	2,893	1,985
Gain on disposal of tangible capital assets	-	2,156	6,638
	726,095	736,255	727,961
Expenses:			
AirCare	-	-	7,931
Bus division	386,388	380,400	381,129
Corporate	60,918	50,203	37,361
Rail division	175,505	174,981	170,567
Roads & Bridges	101,766	77,965	89,333
Transit Police	16,732	16,289	15,498
	741,309	699,838	701,819
Surplus (deficit) for the period	(15,214)	36,417	26,142
Accumulated surplus, beginning of period	169,063	153,313	126,439
Accumulated surplus, end of period	$ 153,849	$ 189,730	$ 152,581

Note: AirCare ended operations on December 31, 2014

Consolidated Statement of Changes in Net Debt

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Changes in Net Debt
(in thousands of dollars)

Six months ended June 30, 2015, with comparative information for June 30, 2014

		2015 Actual		2014 Actual
Surplus for the period	$	36,417	$	26,142
Acquisition of tangible capital assets		(110,882)		(83,303)
Amortization of tangible capital assets		79,983		79,241
Gain on disposal of tangible capital assets		(2,156)		(6,638)
Net proceeds from disposal of capital assets		2,200		7,619
		(30,855)		(3,081)
Change in supplies inventory		(3,285)		(1,477)
Change in prepaid expenses		(4,899)		(7,774)
		(8,184)		(9,251)
(Increase) decrease in net debt		(2,622)		13,810
Net debt, beginning of period		(4,422,461)		(4,380,934)
Net debt, end of period	$	(4,425,083)	$	(4,367,124)

Consolidated Statement of Cash Flows

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY
Consolidated Statement of Cash Flows
(in thousands of dollars)

Six months ended June 30, 2015, with comparative information for June 30, 2014

	2015	2014 Restated
Cash provided by (used for):		
Operating Transactions:		
Surplus for the period	$ 36,417	$ 26,142
Non-cash charges to operations	29,747	33,148
Net proceeds from disposal of assets held for sale	-	14,164
Changes in non-cash operating working capital	(188,725)	(175,863)
Net change in cash from operating transactions	(122,561)	(102,409)
Capital Transactions:		
Purchase of capital assets	(110,882)	(83,303)
Net proceeds from disposal of capital assets	2,200	7,619
Net change in cash from capital transactions	(108,682)	(75,684)
Investing Transactions:		
Decrease in restricted cash and investments	15,779	47,076
Decrease in investments	50,472	9,324
Decrease in debt reserve deposits	77	6
Net change in cash from investing transactions	66,328	56,406
Financing Transactions:		
Debt proceeds	120,142	30,549
Issue costs on financing	(21)	(6)
Repayments of debt	(34,313)	(72,235)
Repayments of Golden Ears Bridge contractor liability	(59)	-
Government transfers received for capital additions	2,007	22,862
Lease inducements received	137	385
Net change in cash from financing transactions	87,893	(18,445)
Decrease in cash	(77,022)	(140,132)
Cash, beginning of period	165,604	247,758
Cash, end of period	$ 88,582	$ 107,626
Supplementary information:		
Interest paid	$ 88,450	$ 83,856

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows (continued)
(in thousands of dollars)

Six months ended June 30, 2015, with comparative information for June 30, 2014

		2015	2014 Restated
Non-cash charges to operations:			
Amortization of capital assets	$	79,983	$ 79,241
Amortization of bond discount		490	552
Amortization of debt issue cost		112	132
Amortization of deferred concessionaire credit		(11,541)	(11,541)
Amortization of deferred government transfers		(36,894)	(34,402)
Amortization of deferred lease inducements		(247)	(238)
Interest accretion (net of payments) on contractor liability		-	6,042
Gain on disposal of tangible capital assets		(2,156)	(6,638)
	$	29,747	$ 33,148
Changes in non-cash operating working capital:			
Increase in accounts receivable	$	(159,123)	$(144,367)
Increase in supplies inventory		(3,285)	(1,477)
Increase in prepaid expenses		(4,899)	(7,774)
Decrease in accounts payable and accrued liabilities		(25,962)	(27,051)
Employee future benefit payable		4,544	4,806
	$	(188,725)	$(175,863)

Segment Report

South Coast British Columbia Transportation Authority
Segment Report
Six Months Ended June 30, 2015 - Year to Date
(in thousands of dollars)

	2015						2014		
	Bus division	Corporate	Rail division	Road & Bridge	Transit Police	Total	Ongoing segments	AirCare*	Total
Revenues									
Taxation	$ -	$ 382,331	$ -	$ -	$ -	$ 382,331	$ 375,711	$ -	$ 375,711
Transit	-	249,354	-	-	-	249,354	242,922	-	242,922
Golden Ears Bridge tollings	-	-	-	23,573	-	23,573	20,198	-	20,198
Emissions testing	-	-	-	-	-	-	-	7,815	7,815
Government transfers	-	47,828	-	65	-	47,893	44,046	-	44,046
Amortization of deferred concessionaire credit	-	-	11,541	-	-	11,541	11,541	-	11,541
Interest income	-	16,514	-	-	-	16,514	17,105	-	17,105
Miscellaneous revenue	1,307	1,342	160	-	84	2,893	1,985	-	1,985
Gain on disposal of tangible capital assets	66	2,090	-	-	-	2,156	6,638	-	6,638
	1,373	699,459	11,701	23,638	84	736,255	720,146	7,815	727,961
Expenses									
Administration	5,851	10,830	1,371	16	1,007	19,075	16,798	119	16,917
Capital infrastructure contributions	-	-	-	9,414	-	9,414	20,666	-	20,666
Contracted services	34,050	2,084	57,602	6,005	-	99,741	95,501	7,162	102,663
Fuel and power	26,962	-	6,313	-	-	33,275	35,100	-	35,100
Insurance	7,057	90	2,119	550	19	9,835	9,283	2	9,285
Maintenance, materials and utilities	27,819	572	15,959	12,352	472	57,174	53,803	3	53,806
Professional & legal	1,151	5,928	1,211	242	119	8,651	5,269	8	5,277
Rentals, leases and property tax	6,329	4,362	8,296	47	955	19,989	19,372	62	19,434
Salaries, wages and benefits	208,805	19,100	37,306	593	13,694	279,498	271,829	575	272,404
Expenses before amortization and interest	318,024	42,966	130,177	29,219	16,266	536,652	527,621	7,931	535,552
Amortization of capital assets	38,473	4,464	27,634	9,399	13	79,983	79,241	-	79,241
Interest	23,903	2,773	17,170	39,347	10	83,203	87,026	-	87,026
Amortization and interest	62,376	7,237	44,804	48,746	23	163,186	166,267	-	166,267
Total Expenses	380,400	50,203	174,981	77,965	16,289	699,838	693,888	7,931	701,819
Surplus (deficit) for the period	$ (379,027)	$ 649,256	$ (163,280)	$ (54,327)	$ (16,205)	$ 36,417	$ 26,258	$ (116)	$ 26,142

* The Aircare Program ceased operations on December 31, 2014

Appendix II – Allocated Costs between Divisions

Allocated Cost Breakdown ($ thousands)	YTD 2014 ACTUAL	YTD 2015 ACTUAL	YTD Year-over-Year Change	YTD Year-over-Year %	YTD 2015 BUDGET	YTD Budget Variance Fav/ (Unfav)	YTD Budget Variance %	2015 BUDGET
Shared Services [1]								
Bus Division	5,575	5,533	(43)	(0.8%)	5,951	418	7.0%	24,213
Access Transit	-	215	215	-	251	36	14.4%	1,005
SkyTrain - Expo & Millenium Line	198	193	(5)	(2.6%)	207	14	6.8%	832
West Coast Express	13	17	4	31.3%	19	2	12.6%	76
Transit Police	349	388	39	11.2%	517	130	25.1%	2,068
Roads & Bridges	625	347	(277)	(44.4%)	1,467	1,119	76.3%	4,478
Corporate	(6,760)	(6,692)	67	1.0%	(8,412)	(1,720)	20.4%	(32,673)
Total Shared Services allocated	-	-	-	-	-	-		-
Interest and Depreciation costs allocated								
Bus Division	32,925	31,139	(1,785)	(5.4%)	31,594	455	1.4%	130,004
SkyTrain - Expo & Millenium Line	22,756	22,454	(302)	(1.3%)	21,571	(883)	(4.1%)	91,658
Transit Police	6	8	2	30.1%	6	(2)	(29.0%)	24
Roads & Bridges	24,763	24,475	(288)	(1.2%)	24,517	42	0.2%	97,363
Corporate	(80,450)	(78,076)	2,373	3.0%	(77,688)	388	(0.5%)	(319,050)
Interest and Depreciation costs allocated	-	-	-	-	-	-	-	-
Costs Administered by TransLink and allocated to subsidiaries [2]								
Bus Division	4,459	3,751	(707)	(15.9%)	4,191	440	10.5%	16,979
Access Transit	-	-	-	-	-	-	-	-
SkyTrain - Expo & Millenium Line	1,136	924	(211)	(18.6%)	1,108	184	16.6%	4,432
SkyTrain - Canada Line	629	515	(115)	(18.2%)	559	44	7.9%	2,234
West Coast Express	3,549	3,808	259	7.3%	3,831	24	0.6%	15,903
Transit Police	438	441	4	0.8%	397	(44)	(11.2%)	1,587
Costs Administered by TransLink allocated	10,211	9,439	(771)	(7.6%)	10,086	647	6.4%	41,135
Bus Division	42,959	40,423	(2,535)	(5.9%)	41,736	1,313	3.1%	171,196
Access Transit	-	215	215	-	251	36	14.4%	1,005
SkyTrain - Expo & Millenium Line	24,090	23,571	(518)	(2.2%)	22,886	(686)	(3.0%)	96,922
SkyTrain - Canada Line	629	515	(115)	(18.2%)	559	44	7.9%	2,234
West Coast Express	3,562	3,825	263	7.4%	3,851	26	0.7%	15,980
Transit Police	793	837	44	5.6%	920	84	9.1%	3,680
Total costs allocated to Subsidiaries from TransLink	**72,032**	**69,386**	**(2,646)**	**(3.7%)**	**70,203**	**817**	**1.2%**	**291,016**

[1] Includes Business Technology & Human Resources costs.

[2] Includes property tax, building leases, insurance, and fare media costs.

* Negatives represent allocations out, positive represent allocations in.

Note: Human Resources costs are allocated based on headcounts, while Business Technology costs are allocated based on operating usage.

8. Appendix III – KPI's

OPERATING INDICATORS Six months ended June 30	2014 ACTUAL	2015 ACTUAL	2015 BUDGET	Budget Variance Fav/ (Unfav)	%
Service Performance Item:					
Safety: Customer Injuries (per 1 million boarded passengers)					
- CMBC	3.5	3.8	N/A		
- Expo & Millennium Lines	1.6	1.4	1.1	(0.3)	(27.3%)
- Canada Line	0.4	0.0	0.0	0.0	0.0%
- West Coast Express	0.0	0.0	0.3	0.3	100.0%
- HandyDART	13.6	12.0	8.4	(3.6)	(42.9%)
Safety: Employee Lost Time Frequency					
- CMBC (per 200,000 hours worked) *	8.5	6.4	7.5	1.1	14.3%
- Expo & Millennium Lines (per 200,000 hours worked)	3.4	3.8	5.8	2.0	34.5%
- West Coast Express (per 200,000 hours worked)	0.0	0.0	0.0	0.0	
- HandyDART (per 200,000 hours worked)	15.5	14.2	16.2	2.0	12.3%
Safety: CMBC Operator Assaults (per 1 million service hours)	23.8	23.0	N/A		
Ridership: Boarded Passengers (thousands)					
- CMBC	120,090	118,441	118,704	(263.0)	(0.2%)
- Expo & Millennium Lines	37,934	37,784	38,950	(1,166.0)	(3.0%)
- Canada Line	19,773	19,817	20,310	(493.0)	(2.4%)
- West Coast Express	1,336	1,349	1,552	(203.0)	(13.1%)
- HandyDART	734	669	713	(44.0)	(6.2%)
Ridership: Revenue Passengers (thousands)					
- Overall System	117,074	115,861	118,852	(2,991.0)	(2.5%)
Vehicle Service Delivery: Percentage of Service Hours Delivered					
- CMBC	99.6%	99.7%	99.5%	0.2%	0.2%
- Expo & Millennium Lines	99.5%	99.4%	99.5%	-0.1%	(0.1%)
- Canada Line	100.0%	99.5%	100.0%	-0.5%	(0.5%)
- West Coast Express	99.7%	99.5%	100.0%	-0.5%	(0.5%)
- HandyDART (% of requested trips delivered)	96.5%	99.6%	0.0%	99.6%	0.0%
Vehicle Punctuality: On-Time Performance					
- CMBC (< 2 Minutes Late)	82.3%	83.4%	84.0%	-0.6%	(0.7%)
- Expo & Millennium Lines (headway + 3 minutes)	92.7%	96.0%	95.3%	0.7%	0.7%
- West Coast Express (headway + 5 minutes)	97.8%	94.5%	97.7%	-3.2%	(3.3%)
- HandyDART (within 15 minutes of Scheduled Pick-Up Time)	91.3%	90.2%	90.0%	0.2%	0.2%
Vehicle Reliability: Mean Distance Between Failure					
- CMBC	26,465	25,177	23,709	1,468	6.2%
- Expo & Millennium Lines	554,145	437,077	455,113	(18,036)	(4.0%)
- West Coast Express	171,082	170,686	228,968	(58,282)	(25.5%)

**Excludes HandyDART.*

OPERATING INDICATORS (Continued) Six months ended June 30	2014 ACTUAL	2015 ACTUAL	2015 BUDGET	Budget Variance Fav/ (Unfav)	 %
HandyDart Vehicle Productivity					
- Trips per service hour (excludes taxis)	2.0	2.0	2.0	0.0	0.0%
- Trip Denials	16,191	604	900	296.0	32.9%
Environmental					
- CMBC (Spills per 1 Million Km)	9.6	9.1	9.2	0.1	0.7%
- CMBC (Revenue Vehicle Energy Consumption in Gigajoules)	908,916	913,043	915,954	2,911	0.3%
Customer Service: Customer Satisfaction (overall score of 10)					
- Overall System*	7.6	7.5	7.6	(0.1)	(1.3%)
- CMBC	7.8	7.7	7.7	0.0	0.0%
- Expo & Millennium Lines	8.0	7.9	8.3	(0.4)	(4.8%)
- Canada Line	8.7	8.6	8.3	0.3	3.6%
- West Coast Express	8.5	8.1	8.5	(0.4)	(4.7%)
Customer Service: Customer Complaints					
- Overall System* (per 1 million boarded passengers)	83.0	88.2	93.2	5.0	5.4%
- CMBC (per 1 million boarded passengers)	101.6	104.5	112.3	7.8	7.0%
- Expo & Millennium Lines (per 1 million boarded passengers)	23.8	33.8	30.7	(3.1)	(10.1%)
- Canada Line (per 1 million boarded passengers)	7.4	8.5	9.9	1.4	14.1%
- West Coast Express (per 1 million boarded passengers)	270.9	400.2	175.3	(224.9)	(128.3%)
- HandyDART (operator complaints as a % of trips)	0.06%	0.03%	0.04%	0.0	25.0%
- HandyDART (service complaints as a % of trips)	0.07%	0.06%	0.09%	0.0	33.3%
Financial: Operating Costs					
- Overall System* (operating cost per capacity km)	0.087	0.090	0.094	0.0	4.3%
- CMBC (operating cost per capacity km)	0.119	0.119	0.120	0.0	0.8%
- Expo & Millennium Lines (operating cost per capacity km)	0.026	0.028	0.029	0.0	3.4%
- Canada Line (operating cost per capacity km)	0.103	0.104	0.104	0.0	0.0%
- West Coast Express (operating cost per capacity km)	0.100	0.098	0.100	0.0	2.0%
- HandyDART (operating cost per trip)	41.30	41.31	40.90	(0.4)	(1.0%)
Financial: Operating Cost Recovery					
- TransLink (conventional system)	54.1%	53.6%	51.9%	1.7%	3.3%

**Excludes HandyDART.*